

**OMV Aktiengesellschaft**

Corporate register number: 93363z

ISIN: AT 0000743059

**Please note:**

This report is legally required in order to be able to transfer shares under the long-term, performance based incentive and compensation programs to employees and managers within OMV Group. Please be aware that the numbers of shares in this document are maximum amounts. The actual number of shares to be transferred depends on the achievement of different criteria, may be significantly smaller and in particular is subject to a separate resolution by the Supervisory Board of OMV Aktiengesellschaft.

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**Report pursuant to section 65 para 1b in conjunction with sections 171 para 1 and 153 para 4 Stock Corporation Act**

The Executive Board of OMV Aktiengesellschaft ("OMV" or "Company") has been authorized by resolution of the Annual General Meeting of the Company held on May 17, 2011, subject to the approval of the Supervisory Board but not to any further resolution of the General Meeting, to dispose of or utilize within five years of the adoption of the resolution, treasury shares in the Company also by other means than via stock exchange or public offering, in particular to satisfy stock options or long-term incentive plans for employees, senior employees and members of the Company's Executive Board or the management boards of its affiliates, or other employee stock ownership plans and for any other legal purpose.

The Executive Board and the Supervisory Board of OMV intend to make use of such authorization and to resolve upon an allocation of up to a maximum of 320,380 (for current and former members of the Executive Board), a maximum of 525,404 (for other senior executives) and a maximum of 26,320 (for Potentials) treasury shares in the Company under the Long Term Incentive Plan 2012 (LTIP 2012), which was approved by the Annual General Meeting of the Company on May 10, 2012, and under the Matching Share Plan 2014 (MSP 2014), which was approved by the Annual General Meeting of the Company on May 14, 2014, to members of the Executive Board and senior executives of the OMV Group. The actual number of shares to be transferred is subject to performance, depends on the resolution of the Supervisory Board of OMV Aktiengesellschaft and will be published separately. The Executive Board and the Supervisory Board of OMV Aktiengesellschaft, represented by the Remuneration Committee, therefore report as follows.

**REPORT:**

## **1. Long Term Incentive Plan 2012**

### **Plan purpose and objectives**

The Long Term Incentive Plan (LTIP) 2012 is a performance based and long-term compensation instrument for the Executive Board, selected senior managers and other employees of OMV Group that promotes mid- and long-term value creation at OMV and aligns the interests of management and shareholders by providing management with the possibility to receive shares in the Company subject to performance (measured against key indicators linked to the medium-term strategy and shareholder return). The plan also seeks to prevent unnecessary risk-taking.

The defined performance criteria must not be amended during the performance period of the LTIP 2012.

### **Eligibility**

Executive Board members are obliged to participate. Selected senior managers of OMV Group may participate in the LTIP 2012. Other employees of OMV Group that have been nominated via the Career & Succession Planning process ("Potentials") may also participate in the LTIP 2012.

The nomination of senior managers to the LTIP by the Executive Board of OMV Aktiengesellschaft is taking place annually and potential share transfers are based on the performance level of the respective senior manager in the respective year and may be granted in the amount of 0%, 25%, 50% or 75% level for the respective year.

### **Personal share ownership rules**

There is no requirement for an upfront investment in OMV shares to participate in the LTIP 2012. However, Executive Board members and senior managers are required to build up an appropriate volume of shares in the Company and to hold these shares until retirement or leaving the Company. The shareholding requirement is defined as a percentage of the annual gross base salary (14 times (i) the January gross base salary or (ii) the gross base salary for the first month as participant in the LTIP 2012):

- CEO: 200%
- Deputy CEO: 175%
- Other Executive Board members: 150%
- Senior managers: 75%

Executive Board members must achieve the required shareholding within 5 years after the start of their respective current contract as Executive Board member.

Basis for the calculation of the respective number of required shares is the average share price over the 3-month period 1 January 2012 – 31 March 2012 (= average of closing prices at Vienna Stock Exchange). Once the above percentage has been reached, subsequent changes in the share price do not influence the number of shares

required. In case and to the extent of a salary increase of Executive Board members the number of required shares has to be adapted.

Shares granted to Executive Board members under the Matching Share Plan (MSP) 2014 or to be vested to Executive Board members under the LTIP 2012 as well as investments made for previous LTIPs count towards this shareholding requirement.

Dividends for the required shares held, if any, are paid out in cash. Senior managers are not obliged to hold shares if the holding of the Company's shares is prohibited by law in the countries where the respective senior managers work.

### **Grant levels**

The maximum number of shares granted under the LTIP 2012 is expressed as a percentage of the annual gross base salary:

- 175% for the CEO
- 150% for the Deputy CEO
- 125% for other Executive Board members
- 112.5% for senior managers

In case the respective Executive Board member is appointed later than 1 January 2012, the grant for 2012 is calculated on a pro rata basis. The same applies for an exit during 2012. The allocation is made by the Supervisory Board or the Remuneration Committee of the Supervisory Board.

### **Plan mechanisms**

The maximum number of shares to be granted to the participant at the Vesting Date shall be calculated as follows: The relevant percentage for each participant (as mentioned above) divided by OMV's average share price (= closing price at the Vienna Stock Exchange) over the 3-month period 1 January 2012 to 31 March 2012. The number of shares will be rounded down. Before the Vesting Date the potential shares are "virtual", i.e. the participants do not hold these shares and have no voting or dividend rights. On the Vesting Date, the definite number of shares shall be determined based on the achievement of the performance criteria and then transferred to the participant.

The final number of shares is calculated by multiplying the maximum grant of shares with the overall percentage of performance achievement.

### **Performance criteria and weightings**

The performance criteria focus on sustained value creation across three areas of performance:

- 45%: Total Shareholder Return relative to a group of peer companies
- 45%: Absolute reported Return on Average Capital Employed, adjusted for acquisitions averaged over the three year performance period

- 10%: Sustainability element: Absolute “Safety Performance”

The value of the performance is based on the basis of findings, hazards & near miss (FH&NM) reporting per employee (average 3 years target; without office employees) to improve risk mitigation, loss prevention and general HSSE awareness

In 2012, the specific performance targets were set for the performance period (January 1, 2012 until December 31, 2014) and communicated to plan participants. It is not allowed to modify the performance criteria thereafter.

### **Share transfer/pay-out**

To the extent that the shareholding requirement is not fulfilled, the payment will be automatically made in the form of shares until the requirement is reached. Otherwise the Executive Board members and senior managers could opt between (i) single payment in shares, (ii) single payment cash or (iii) cash payment in instalments. Participants had to make this decision at the latest by the third quarter of the year the plan started. If such a decision could not be made due to compliance relevant information, the payment will automatically be made in cash (single payment). The transfer of shares or cash payment to the participants is generally made net after deduction of taxes (in Austria payroll tax deduction).

If the approval of the share transfer has been given by the Supervisory Board on the Vesting Date or earlier, transfer of the shares to be transferred under the LTIP 2012 will be executed on the business day following the Vesting Date, otherwise the transfer takes place with the beginning of the month following the approval, in each case subject to legal restrictions, if any. The Company does not cover any share price risk caused by the delay or by the transfer.

If a payment is made in cash, the amount will be calculated by using OMV's closing price at the Vienna Stock Exchange on the Vesting Date, if this day is not a business day, then the respective day before.

In case any payment in cash or transfer of shares is based on incorrect data, the amounts will be corrected accordingly.

### **Rules for leaving participants**

- Bad leavers: Unvested awards are forfeited
- Good leavers: Unvested awards continue
- Retirement, permanent disability: Unvested awards continue
- Death: Unvested awards are valued as per date of death and settled in cash

### **Change of control (disposal of the Group company where the participant is employed)**

If a change of control in OMV results in the early termination of the appointment of an Executive Board member, the full amount of the granted award is paid out in cash immediately, unless such early termination is declared by the respective Executive Board

member (i) without cause or without basis in the employment contract, in which case the same legal consequences as for bad leavers apply or (ii) else without the consent of the Supervisory Board in which case the unvested plans shall continue as for good leavers.

### **LTIP for Potentials**

For the LTIP for Potentials certain deviations from the LTIP as described above apply. In particular there is no requirement for an own shareholding. The maximum award for each participating person amounts to EUR 35,000.--. Payment is made in the form of shares.

## **2. Matching Share Plan 2014**

### **Plan purpose and objectives**

The Matching Share Plan (MSP) 2014, as integral part of the annual bonus agreement is a long-term incentive and compensation vehicle for the members of the Executive Board that promotes the attachment to the Company and the alignment with shareholder interests via a long-term investment in restricted shares of OMV. The plan also seeks to prevent inadequate risk-taking. The MSP provides for a transfer of shares which are counted towards the shareholding requirements under existing and future Long Term Incentive plans until the requirements are reached (see Vesting/Payout below). All shares to be granted under the MSP 2014 will be used to fulfill such personal investment and shareholding requirements under the LTIPs, will be transferred to a trustee deposit account of the Company and will be subject to a holding period.

Based on the resolution of the Annual General Meeting of the Company held on May 14, 2014, an award of shares will be made to Executive Board members to match 100% of their gross annual cash bonus. The maximum gross annual cash bonus can amount to 100% of the annual gross base salary and is based on the following performance criteria: 50% financial targets, 30% production and growth targets, 5% efficiency targets and 15% special projects.

The shares granted have to be reduced or have to be returned in the case of a claw-back event. Furthermore, if the shares or cash equivalents were based on incorrect calculations of the bonus, the Executive Board members are obligated to return or pay back benefits obtained due to such wrong figures.

The performance criteria defined for the annual bonus must not be amended during the term of the MSP. However, significant changes in tax, legal and royalty issues might require target adjustments. A cap of 100% of the base salary is applicable.

### **Plan mechanisms**

After determination of the annual cash bonus by the Remuneration Committee of the Supervisory Board, an equivalent matching bonus grant will be made net (after deduction of taxes) in Company shares which shall be transferred to a trustee deposit, managed by the Company, to be held for three years. Members of the Executive Board can choose between cash payment and transfer of shares if and to the extent that they have already fulfilled the shareholding requirements for the LTIP 2012 applicable to

Executive Board members. Dividends, if any, earned from the vested shares are paid out to the Executive Board members in cash.

### **Determination of number of shares**

After determination of the gross annual cash bonus an award of 100% of the gross annual cash bonus earned in the previous year is made in Company shares. The number of shares awarded is calculated as follows:

Gross annual cash bonus amount divided by the average closing price for OMV shares at the Vienna Stock Exchange over the 3-month period November 1, 2014 – January 31, 2015. The resulting number of shares will be rounded down.

### **Effective dates and term**

- Plan start: January 1, 2014 as an integral part of the annual bonus agreement
- Vesting Date: March 31, 2015, subject to Supervisory Board approval
- Holding period (to the extent applicable): 3 years from vesting

### **Share transfer/Pay-out**

If the approval of the share transfer has been given by the Supervisory Board on Vesting Date or earlier, transfer of bonus shares will be executed on the business day following the Vesting Date, otherwise the transfer takes place with the beginning of the next month following the authorization. The Company does not cover any share price risk caused by the delay or by transfer.

To the extent that the shareholding requirement under the LTIP 2012 for Executive Board members is not fulfilled, the payment will, subject to any legal restrictions, be automatically made in the form of shares (net after tax deduction) until the requirement is reached. As far as the shareholding requirement is fulfilled, the payout can be made in cash. The Executive Board members can then opt for either single payment in shares or single payment in cash. Executive Board members must make this decision at the latest by the third quarter of the year the plan starts. If such a decision cannot be made due to compliance relevant information, the payment will automatically be made in cash. If the payment is made in cash, the amount will be calculated by using the OMV's closing price at the Vienna Stock Exchange on Vesting Date, if this day is not a business day, then the respective day before.

The delivery of shares or cash payment to the participants is made net after deduction of taxes (payroll tax deduction).

### **Leaving Executive Board members**

The rules outlined above for the LTIP 2012 apply, provided, however, that for good leavers and in the case of retirement and permanent disability the vesting of unvested awards remains subject to a decision to be made by the Supervisory Board in its discretion.

**Clawback**

Under the following circumstances, the Supervisory Board may reduce the number of shares vesting under the MSP or may request from the Executive Board members a retransfer of shares or a repayment of cash payments which have been granted or made under the MPS:

- Reopening of audited financial statements due to miscalculation
- Material failure of risk management which leads to significant damages (like Deep Water Horizon accident, Texas City Refinery accident)
- Serious misconduct of individual Executive Board member which violates Austrian law

**3. Number of awardable shares**

According to the above mentioned criteria of the LTIP 2012 and the MSP 2014 and the achievements of the performance criteria the maximum number of bonus shares awardable to the current and former members of the Executive Board (EB member) and other senior executives are as below. The actual number of shares to be transferred is subject to a resolution by the Supervisory Board of OMV and will be published separately.

(i) Current and former members of the Executive Board:

CEO:	92,655
Deputy CEO:	74,450
EB member, responsible for Upstream:	54,753
EB member, responsible for Downstream:	48,713
Former EB member Hans-Peter Floren:	49,809

The numbers of shares mentioned above are gross numbers at maximum performance achievement level. The actual number of shares to be transferred after assessment of the actual performance achievement will be a net amount after deduction of taxes and duties and will be published after the transfer on the website of OMV under [http://www.omv.com/portal/01/com/omv/OMVgroup/Investor\\_Relations/OMV\\_Share/Share\\_Buybacks\\_Sales/2015](http://www.omv.com/portal/01/com/omv/OMVgroup/Investor_Relations/OMV_Share/Share_Buybacks_Sales/2015).

(ii) Other senior executives and Potentials:

Other senior executives:	525,404
Potentials:	26,320

The numbers of shares mentioned above are gross numbers at maximum performance achievement level. The actual number of shares to be transferred after assessment of the actual performance achievement will be a net amount after deduction of taxes and duties and will be published after the transfer on the website of OMV under [http://www.omv.com/portal/01/com/omv/OMVgroup/Investor\\_Relations/OMV\\_Share/Share\\_Buybacks\\_Sales/2015](http://www.omv.com/portal/01/com/omv/OMVgroup/Investor_Relations/OMV_Share/Share_Buybacks_Sales/2015).

#### **4. Exclusion of shareholders' general possibility to purchase treasury shares**

As outlined above, OMV treasury shares shall be granted to the members of the Executive Board and other senior executives of OMV Group under the Long Term Incentive Plan 2012 and to Executive Board members under the Matching Share Plan 2014. OMV thereby intends to increase the focus of the participating persons on the long-term Company value and their identification with the Company. The LTIP 2012 and the MSP 2014 are performance-based and long-term compensation and incentive instruments which shall promote the mid- and long-term value creation at OMV, align the interests of the management and shareholders through long-term investment in shares and minimize risks. For such purpose it is necessary to exclude, in respect of the treasury shares used for the LTIP 2012 and the MSP 2014, the shareholders' possibility to purchase OMV treasury shares.

The LTIP 2012 was approved by the Annual General Meeting of the Company on May 10, 2012. The MSP 2014 was approved by the Annual General Meeting of the Company on May 14, 2014.

The interest of the Company prevails over the shareholders' interest in having an possibility to purchase OMV treasury shares. Taking into account all circumstances the exclusion of the shareholders' possibility to purchase treasury shares is necessary, reasonable, appropriate, in the best interest of the Company and therefore objectively justified.

Vienna, February 2015

The Executive Board and the Supervisory Board